

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7548

BILL NUMBER: SB 491

NOTE PREPARED: Feb 24, 2009

BILL AMENDED: Feb 23, 2009

SUBJECT: Public school transfers.

FIRST AUTHOR: Sen. Kenley

FIRST SPONSOR: Rep. Porter

BILL STATUS: As Passed Senate

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) *Public School Transfers:* This bill establishes a public school transfer program that allows the parent of a student to request a transfer for the student to enroll in: (1) a different public school in the student's base school corporation; or (2) a public school in a different school corporation. It provides that a student transfer may only be denied in cases when the Department finds that: (1) allowing the student to enroll would violate a court order; (2) the transferee school is at or near capacity for the applicable school year or in the near future; (3) the student wishes to enroll in the transferee school primarily for athletic reasons; (4) the student is suspended or expelled or is subject to a hearing on a pending suspension or expulsion; or (5) the student was granted a transfer in the immediately preceding two years.

Transfer if Parent Owns Property in School District: The bill allows a student who has legal settlement in one school corporation and whose parent owns property for which the parent pays property tax in another school corporation to attend school in the latter school corporation without transfer tuition being charged.

Annual Report: The bill requires a school corporation to provide notice to parents concerning the publication of the school corporation's annual performance report and concerning the right of students to transfer out of schools that fail to perform adequately. It also makes related changes.

Effective Date: July 1, 2009.

Explanation of State Expenditures: *Public School Transfers:* The bill allows a student to enroll in another school in the school corporation or a school other than the one in which the student has legal settlement if the principal of the school and the superintendent of the school corporation in which the school is located agree.

Transfer to Another School in Corporation: If the student transfers to another school in the corporation then there is no state fiscal impact.

Transfer to Another School Corporation: The impact of the bill depends on if more students transfer to a school corporation because of the bill. The bill requires the parent not later than April to notify the school of the parent's intent to transfer to the school corporation. The parent under current law is required to pay the difference in the cost of educating the student and the state funding the school receives for the student. The bill requires the parent to pay the difference in the cost of educating the student minus the state base tuition support per ADM, "Cash Transfer". The payment by the parent is about the same as current law except the bill limits the amount that can be charged a parent to \$500. For the 2009 school year 228 schools had some cash transfer students and 65 school had no cash transfer students. Since students can currently transfer to a school outside their school of residence with the approval of the receiving school superintendent, the impact on the state would probably be minor.

Transfer from Non-public School to Public School: It is unknown how many additional students currently enrolled in non-public schools might enroll in a school corporation outside their school corporation of residence.

Impact of Transfer if Parent Owns Property in School District: The bill allows a student to enroll in a school other than the one in which the student has legal settlement if the parent owns property in the school district the student would attend and if the principal of the school and the superintendent of the school corporation in which the school is located agree. The number of students that might be allowed to transfer without paying transfer tuition by the sending school or the parent is unknown. The impact on the state would depend on whether the transfer generated an increase in funding of the school formula.

Background: The addition or reduction of a student to a school in the school formula varies from \$1,011 to \$8,361 for CY 2009, a difference of \$7,350. The impact on the state could be a saving or additional expense of up to \$7,350 per student

Explanation of State Revenues:

Explanation of Local Expenditures: *Public School Transfers:* The bill could impact schools if more students transferred because of the bill than currently do under the current cash transfer system. The impact on schools would be the same as under the current cash transfer method with a \$500 maximum obligation on the parent and would depend on if the additional costs or savings from educating one more or less student was greater than the additional revenue or loss of revenue in the school formula. The impact is probably minor.

Annual Report: The bill requires a school corporation to provide notice to parents concerning the publication of the school corporation's annual performance report. This will have a minimal impact on administrative costs.

Explanation of Local Revenues: *Impact of Transfer If Parent Owns Property in School District:* The bill allows a student to enroll in a school other than the one the student has legal settlement if the parent owns property in the school district the student would attend and the principal of the school and the superintendent of the school corporation jointly agree to enroll the student. The number of students that might be allowed

to transfer without paying transfer tuition by the sending school or the parent is unknown. The school would lose possible transfer tuition revenue that would have been paid by the parent or sending school. The impact is properly minor.

State Agencies Affected: Department of Education.

Local Agencies Affected: Local School Corporations.

Information Sources: Department of Education Databases.

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